

OBSERVATION CARE

Policy Number: ADMINISTRATIVE 205.12 TO

Effective Date: April 1, 2018

Table of Contents	Page
INSTRUCTIONS FOR USE	1
CONDITIONS OF COVERAGE	1
BENEFIT CONSIDERATIONS	1
COVERAGE RATIONALE	2
REFERENCES	2
POLICY HISTORY/REVISION INFORMATION	2

Related Policy
<ul style="list-style-type: none"> Observation Care Evaluation and Management Codes

INSTRUCTIONS FOR USE

This Clinical Policy provides assistance in interpreting Oxford benefit plans. Unless otherwise stated, Oxford policies do not apply to Medicare Advantage members. Oxford reserves the right, in its sole discretion, to modify its policies as necessary. This Clinical Policy is provided for informational purposes. It does not constitute medical advice. The term Oxford includes Oxford Health Plans, LLC and all of its subsidiaries as appropriate for these policies.

When deciding coverage, the member specific benefit plan document must be referenced. The terms of the member specific benefit plan document [e.g., Certificate of Coverage (COC), Schedule of Benefits (SOB), and/or Summary Plan Description (SPD)] may differ greatly from the standard benefit plan upon which this Clinical Policy is based. In the event of a conflict, the member specific benefit plan document supersedes this Clinical Policy. All reviewers must first identify member eligibility, any federal or state regulatory requirements, and the member specific benefit plan coverage prior to use of this Clinical Policy. Other Policies may apply.

UnitedHealthcare may also use tools developed by third parties, such as the MCG™ Care Guidelines, to assist us in administering health benefits. The MCG™ Care Guidelines are intended to be used in connection with the independent professional medical judgment of a qualified health care provider and do not constitute the practice of medicine or medical advice.

CONDITIONS OF COVERAGE

Applicable Lines of Business/ Products	This policy applies to Oxford Commercial plan membership.
Benefit Type	General Benefits Package
Referral Required (Does not apply to non-gatekeeper products)	No
Authorization Required (Precertification always required for inpatient admission)	No
Precertification with Medical Director Review Required	No
Applicable Site(s) of Service (If site of service is not listed, Medical Director review is required)	Outpatient

BENEFIT CONSIDERATIONS

Before using this policy, please check the member specific benefit plan document and any federal or state mandates, if applicable.

Essential Health Benefits for Individual and Small Group

For plan years beginning on or after January 1, 2014, the Affordable Care Act of 2010 (ACA) requires fully insured non-grandfathered individual and small group plans (inside and outside of Exchanges) to provide coverage for ten categories of Essential Health Benefits (“EHBs”). Large group plans (both self-funded and fully insured), and small group ASO plans, are not subject to the requirement to offer coverage for EHBs. However, if such plans choose to

provide coverage for benefits which are deemed EHBs, the ACA requires all dollar limits on those benefits to be removed on all Grandfathered and Non-Grandfathered plans. The determination of which benefits constitute EHBs is made on a state by state basis. As such, when using this policy, it is important to refer to the member specific benefit plan document to determine benefit coverage.

COVERAGE RATIONALE

Oxford reserves the right to review observation care in order to substantiate that the services were provided in accordance with MCG™ Care Guidelines. Review may occur on a prospective, concurrent and/or retrospective basis. For information regarding medical necessity review, when applicable, see MCG™ Care Guidelines, 22nd edition, 2018, General Criteria: Observation Care (OCG): OC-022 (ISC).

Note:

- For additional information regarding coding and documentation for observation care services, refer to the reimbursement policy titled [Observation Care Evaluation and Management Codes](#).
- Observation time begins at the clock time, documented in the patient's record, which coincides with the time that observation care is initiated in accordance with a physician's order. Observation time ends when all medically necessary services related to observation care are completed. For example, this could be before discharge when the need for observation has ended, but other medically necessary services not meeting the definition of observation care are provided.

REFERENCES

The foregoing Oxford policy was researched, developed and approved by UnitedHealthcare Medical Technology Assessment Committee and approved on February 8, 2018.

MCG™ Care Guidelines, Observation Care Guidelines, 22nd edition, 2018.

Medicare Claims Processing Manual, Pub.100-04, chapter 4, section 290,2.2 "Reporting Hours of Observation" (Rev. 2234, Issued: 05-27-11, Effective: 07-01-11, Implementation: 07-05-11). Accessed January 4, 2018.

POLICY HISTORY/REVISION INFORMATION

Date	Action/Description
04/01/2018	<ul style="list-style-type: none"> • Revised coverage rationale: <ul style="list-style-type: none"> ○ Replaced language indicating "Oxford reserves the right to review observation care <i>claims</i> in order to substantiate that the services were provided in accordance with <i>this policy and</i> MCG™ Care Guidelines" with "Oxford reserves the right to review observation care in order to substantiate that the services were provided in accordance with MCG™ Care Guidelines" ○ Replaced reference to "MCG™ Care Guidelines, 21st edition, 2017" with "MCG™ Care Guidelines, 22nd edition, 2018" ○ Removed language pertaining to the observation care review process • Archived previous policy version ADMINISTRATIVE 205.11 T0